

# Presentation

<b>Agenda Item #</b>	3
<b>Meeting Date</b>	November 27, 2006
<b>Prepared By</b>	Yovonda D. Brooks Director of Finance
<b>Approved By</b>	Barbara B. Matthews City Manager

<b>Discussion Item</b>	Presentation of FY06 Comprehensive Annual Financial Report
<b>Background</b>	<p>As required by both Section 821 of the Charter of the City of Takoma Park and State law, an independent audit is conducted of the City's basic financial statements on an annual basis. The auditor's responsibility is to express an opinion on these financial statements based on their review.</p> <p>The audit is conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in <i>Government Auditing Standards</i>, issued by the Comptroller General of the United States. Those standards require that the auditing firm plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as the evaluating the overall financial statement presentation.</p> <p>The report of Clifton Gunderson, LLP states as follows:</p> <p>"In our opinion, the financial statements...present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Takoma Park, Maryland at June 30, 2006, and the respective changes in financial position and the budgetary comparison for the General, Community Center and Special Revenue funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America."</p> <p>Management's Discussion and Analysis accompanies the basic financial statements. It is not a required part of the basic financial statements but constitutes supplementary information required by GASB 34.</p> <p>The following are some highlights from the FY05 audit report:</p> <ul style="list-style-type: none"> <li>• The assets of the City exceeded its liabilities as of June 30, 2006 by \$17,954,956 (net assets). This represents an increase of \$3,607,479 from the prior year. Of the City's total net assets, \$4,210,070 may be used to meet the government's ongoing obligations to residents and creditors (unrestricted net assets).</li> <li>• As of the end of the fiscal year, the City's governmental funds had combined ending fund balances of \$5,463,223—a decrease of \$297,069 from the prior year. Of this amount, \$2,469,009 is available for spending at the City's discretion (unreserved fund balance).</li> <li>• The undesignated fund balance for the General Fund was \$2,325,305 as of June 30, 2006.</li> </ul>

	<ul style="list-style-type: none"> <li>The City's long-term debt decreased by \$590,426 during the fiscal year.</li> </ul>
<b>Policy</b>	Section 821 of the Charter of the City of Takoma Park states, "The financial books and accounts of the City shall be audited annually in a manner determined by the Council but not contrary to applicable State law."
<b>Fiscal Impact</b>	None
<b>Attachments</b>	Comprehensive Annual Financial Report for FY06
<b>Recommendation</b>	Staff recommends that the City Council hear the presentation of Clifton Gunderson, LLP and staff and discuss the City's financial report for FY06.
<b>Special Consideration</b>	